

MOHAWK VALLEY COMMUNITY
ACTION AGENCY, INC.

Financial Statements and
Supplementary Information

July 31, 2007 and 2006

(With Independent Auditor's Report Thereon)

MOHAWK VALLEY COMMUNITY
ACTION AGENCY, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Mohawk Valley Community
Action Agency, Inc.:

We have audited the accompanying statements of financial position of Mohawk Valley Community Action Agency, Inc. as of July 31, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mohawk Valley Community Action Agency, Inc. as of July 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2007 on our consideration of Mohawk Valley Community Action Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Toski, Scheepers & Co., P.C.

Williamsville, New York
December 6, 2007

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.
 Statements of Financial Position
 July 31, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and equivalents	\$ 616,389	402,142
Fees and grants receivable	642,748	490,486
Other receivables	9,580	13,509
Prepaid expenses	27,298	31,430
Inventory	9,893	-
Total current assets	1,305,908	937,567
Investments, at fair value	708	708
Property and equipment, at cost	3,170,835	3,122,231
Less accumulated depreciation	(1,592,679)	(1,381,015)
Net property and equipment	1,578,156	1,741,216
Total assets	\$ 2,884,772	2,679,491
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	179,593	116,147
Accrued expenses	586,083	417,963
Refundable advance	43,786	19,548
Deferred revenue	142,012	141,408
Other liabilities	24,178	25,755
Total current liabilities	975,652	720,821
Net Assets:		
Unrestricted:		
Available for operations	330,256	216,746
Investment in property	1,406,331	1,557,541
Total unrestricted	1,736,587	1,774,287
Temporarily restricted	172,533	184,383
Total net assets	1,909,120	1,958,670
Contingencies (note 10)		
Total liabilities and net assets	\$ 2,884,772	2,679,491

See accompanying notes to financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY
 Statements of Activities
 Years ended July 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Changes in unrestricted net assets:		
Support and revenue:		
Fees and grants from governmental agencies	\$ 10,582,059	10,507,822
Section 8 Housing Assistance	1,155,048	1,106,155
Contributions and in-kind support	1,426,655	1,754,856
Program revenue	335,576	362,777
Daycare fees	266,225	324,915
Rental income	30,613	28,434
United Way	37,074	113,891
Administrative fees	197,926	279,573
Interest	19,927	14,218
Miscellaneous	22,897	72,336
Net assets released from restrictions	<u>11,850</u>	<u>15,822</u>
Total support and revenue	<u>14,085,850</u>	<u>14,580,799</u>
Expenses:		
Program services:		
Child Development	8,531,696	8,799,182
Housing	2,739,007	2,724,316
Family Resource	1,193,675	1,136,756
Youth Services	<u>590,011</u>	<u>732,603</u>
Total program services	13,054,389	13,392,857
Management and general	<u>1,069,161</u>	<u>1,097,517</u>
Total expenses	<u>14,123,550</u>	<u>14,490,374</u>
Increase (decrease) in unrestricted net assets	(37,700)	90,425
Changes in temporarily restricted net assets	<u>(11,850)</u>	<u>(15,822)</u>
Increase (decrease) in net assets	(49,550)	74,603
Net assets at beginning of year	<u>1,958,670</u>	<u>1,884,067</u>
Net assets at end of year	<u>\$ 1,909,120</u>	<u>1,958,670</u>

See accompanying notes to financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Statement of Functional Expenses

Year ended July 31, 2007

with comparative totals for 2006

	Program Services					Total Program Services	Management and General	Total
	Child Development	Housing	Family Resource	Youth Services	Total Program Services			
Personnel	\$ 4,182,808	639,427	666,230	291,847	5,780,312	603,431	6,383,743	6,489,850
Fringe	1,168,406	207,025	161,207	87,478	1,624,116	154,298	1,778,414	1,689,656
Out of town	14,734	4,454	8,200	3,592	30,980	28,553	59,533	41,632
Supplies	216,629	31,471	12,131	14,630	274,861	29,291	304,152	319,949
Contractual	395,131	1,393,716	2,939	67,288	1,859,074	44,918	1,903,992	1,913,952
Other	1,051,632	371,125	129,490	53,985	1,606,232	115,080	1,721,312	1,772,978
Common costs	32,303	54,144	85,308	23,066	194,821	82,661	277,482	253,664
In-kind expense	1,247,206	-	122,532	33,769	1,403,507	-	1,403,507	1,716,460
Depreciation and loss on disposal	222,847	37,645	5,638	14,356	280,486	10,929	291,415	292,233
Total expenses	\$ 8,531,696	2,739,007	1,193,675	590,011	13,054,389	1,069,161	14,123,550	14,490,374

See accompanying notes to financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.
Statement of Functional Expenses
Year ended July 31, 2006

	<u>Program Services</u>					<u>Management and General</u>	<u>Total</u>
	<u>Child Development</u>	<u>Housing</u>	<u>Family Resource</u>	<u>Youth Services</u>	<u>Total Program Services</u>		
Personnel	\$ 4,265,995	603,215	648,215	346,300	5,863,725	626,125	6,489,850
Fringe	1,095,782	174,209	151,056	102,052	1,523,099	166,557	1,689,656
Out of town	5,604	1,605	897	3,039	11,145	30,487	41,632
Supplies	218,925	39,404	9,071	23,929	291,329	28,620	319,949
Contractual	385,992	1,420,834	3,541	71,931	1,882,298	31,654	1,913,952
Other	1,036,980	392,923	171,993	45,162	1,647,058	125,920	1,772,978
Common costs	13,529	54,927	77,782	25,120	171,358	82,306	253,664
In-kind Expenses	1,546,519	-	68,123	101,818	1,716,460	-	1,716,460
Depreciation and loss on disposal	229,856	37,199	6,078	13,252	286,385	5,848	292,233
Total Expenses	<u>\$ 8,799,182</u>	<u>2,724,316</u>	<u>1,136,756</u>	<u>732,603</u>	<u>13,392,857</u>	<u>1,097,517</u>	<u>14,490,374</u>

See accompanying notes to financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.
 Statements of Cash Flows
 Years ended July 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (49,550)	74,603
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	287,015	286,061
Loss on disposal of equipment	4,400	6,172
Changes in:		
Receivables	(148,333)	(89,258)
Prepaid expenses	4,132	(611)
Inventory	(9,893)	-
Accounts payable	63,446	(165,832)
Accrued expenses	168,120	151,998
Refundable advance	24,238	(232,206)
Deferred revenue	604	(63,910)
Other liabilities	<u>(1,577)</u>	<u>(9,809)</u>
Net cash provided by (used in) operating activities	342,602	(42,792)
Cash flows from investing activities - additions to property and equipment	<u>(128,355)</u>	<u>(182,447)</u>
Net increase (decrease) in cash	214,247	(225,239)
Cash and equivalents at beginning of year	<u>402,142</u>	<u>627,381</u>
Cash and equivalents at end of year	<u>\$ 616,389</u>	<u>402,142</u>
 Supplemental schedule of cash flow information:		
In-kind revenue	<u>\$ 1,403,507</u>	<u>1,716,460</u>
In-kind expense	<u>\$ 1,403,507</u>	<u>1,716,460</u>

See accompanying notes to financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements

July 31, 2007 and 2006

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Mohawk Valley Community Action Agency, Inc. (the Agency) is a non-profit corporation formed to encourage and coordinate the development of community programs designed to eliminate poverty and to develop research and evaluation procedures in connection with all programs designed to aid in the struggle against poverty in Oneida and Herkimer Counties of the State of New York. The Agency also provides childcare services as part of its overall mission. The Agency's support comes primarily from fees and grants from governmental agencies and in-kind contributions.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The Agency follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Agency did not have any permanently restricted net assets. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Agency's Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time.

(d) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash

For purposes of the statement of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less, including overnight repurchase agreements, to be cash equivalents.

(f) Investments

Investments are stated at fair value. The fair value of investments is based on quotations obtained from national securities exchanges. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation or depreciation is included in the statements of activities. Donated securities are reflected as contributions at their fair value at the date of receipt.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities.

Donations of property are reflected in the accompanying statements at their estimated fair market value at the date of receipt. The Agency's policy is to imply a time restriction on donated property. Donated property is recorded as temporarily restricted support and the restriction expires over the useful life of property. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(h) Long-Lived Assets

The Agency complies with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement requires that long-lived assets to be held and used by the Agency be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Agency compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At July 31, 2007 no impairment in value has been recognized.

(i) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

(j) Donated Materials, Food, Supplies and Personal Services

The Agency receives unrestricted donations from outside parties. The donations include, but are not limited to, equipment, clothing, services, and food. All donations are unrestricted but used to support and further the Agency's objectives. The donations are reflected in the accompanying statements at their estimated fair market value at the date of receipt. In addition, many skilled and unskilled individuals have contributed significant amounts of time to the activities of the Agency without compensation. Contributed services are recognized as in-kind revenue and expense by the Agency when the provisions of SFAS No. 116, "Accounting for Contributions Received and Contributions Made" are met. In-kind contributions of \$1,403,507 and \$1,716,460 for 2007 and 2006, respectively, have been recognized as in-kind revenue and expense by the Agency. In addition, the Agency received unskilled services that do not meet the recognition requirement. Management estimates these services had a value of \$593,397 and \$537,611 for 2007 and 2006, respectively.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Agency. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(l) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(m) Income Taxes

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision for income taxes is reflected in the financial statements.

(n) Indirect Cost Rate

The Agency uses an indirect cost rate for the purpose of allocating indirect costs. The methodology used to develop the indirect cost rate was approved by the U.S. Department of Health and Human Services. The indirect cost allocation plan for the years ended July 31, 2007 and 2006 was approved by the Agency's Federal Cognizant Agency, the U.S. Department of Health and Human Services, with a proposed indirect cost rate. The costs, bases, and methods of allocation per the plan were in accordance with the provisions of OMB Circular A-122, Cost Principles for Nonprofit Organizations. The actual indirect cost rates for the years ended July 31, 2007 and 2006 were 10.63% and 10.92%, respectively. The Agency's rates are based on actual indirect costs of \$1,069,161 and \$1,097,517, respectively, and a total direct cost base of \$10,060,515 and \$10,057,593, respectively.

The Agency uses a fringe rate for the purpose of allocating fringe benefit costs. The methodology used to develop the fringe rate was approved by the U.S. Department of Health and Human Services. The applied fringe benefit cost rate for the years ended July 31, 2007 and 2006 ranged from 10.6% to 32.4% and 10.6% to 30.2%, respectively. Actual fringe benefit costs amounted to \$1,674,465 and \$1,610,112 and deferred fringe costs amounted to \$149,193 and \$129,192, respectively.

(o) Reclassifications

Reclassifications have been made to certain 2006 balances in order to conform them to the 2007 presentation.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(2) Concentration of Credit Risk

(a) Cash

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(b) Revenues and Receivables

The Agency provides social services primarily in Oneida and Herkimer Counties of the State of New York. A substantial portion of the Agency's receivables are due from Federal and New York State governmental agencies.

(3) Property and Equipment

Property and equipment at July 31, 2007 and 2006 are summarized as follows:

	<u>2007</u>	<u>2006</u>
Land and improvements	\$ 118,645	118,645
Buildings and improvements	1,464,991	1,405,005
Equipment and vehicles	1,541,016	1,562,298
Leasehold improvements	<u>46,183</u>	<u>36,283</u>
	3,170,835	3,122,231
Less accumulated depreciation	<u>(1,592,679)</u>	<u>(1,381,015)</u>
Net property and equipment	\$ <u>1,578,156</u>	<u>1,741,216</u>

(4) Vested Vacation Wages

Included in accrued expenses is the Agency's liability for future payments of accrued vested vacation wages which amounted to \$77,160 and \$86,769 at July 31, 2007 and 2006, respectively. Under the terms of the existing personnel manual, the Agency's employees receive annual vacation leave. The number of days allowed is dependent on the employees' years of service. Vacation leave represents the only leave paid to employees upon termination.

(5) Deferred Revenue

Deferred revenue amounted to \$142,012 and \$141,408 at July 2007 and 2006, respectively. These amounts represent cash provided to the Agency in advance of the period to be benefited in order to provide working capital for the operation of the various programs of the Agency.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(6) Rental Assistance Program

The Agency entered into agreements with 10 towns and villages in Oneida County to administer their Federal Rental Assistance programs. Each year the towns and villages enter into a grant agreement with the Federal government to receive funds under this program. Awarded funds are received and deposited by the towns and villages. The governmental entities then transfer the amounts to the Agency who disburses the money for them. During the years ended July 31, 2007 and 2006, the Agency administered \$1,155,048 and \$1,106,155, respectively, of rental assistance payments.

The Agency is paid by an administrative fee by the towns and villages for its administrative duties which it carries out on behalf of the entities. The total administrative fees received by the Agency for the years ended July 31, 2007 and 2006 were \$197,926 and \$190,731, respectively.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets at July 31, 2007 and 2006 consist of the following:

	<u>2007</u>	<u>2006</u>
Child development	\$ 171,825	183,675
Youth services	<u>708</u>	<u>708</u>
	\$ <u>172,533</u>	<u>184,383</u>

(8) Net Assets Released From Restrictions

Net assets were released from donor restrictions through satisfaction of program restrictions for the years ended July 31, 2007 and 2006 amounting to \$11,850 and \$15,822, respectively

(9) Commitments

The Agency has several noncancelable operating leases, primarily for program sites, which expire through June 30, 2010. Leases with respect to program sites generally do not exceed a one-year period or the remaining length of the grant contracts funding the program. Total rent expense amounted to \$448,533 and \$424,193 for the years ended July 31, 2007 and 2006, respectively. The following is a schedule of future minimum rental payments required under the above mentioned leases as of July 31, 2007.

<u>Years ending</u>	<u>Minimum rental payments</u>
2008	\$ 307,129
2009	95,464
2010	95,698
2011	89,598
2012	87,881
Thereafter	<u>96,204</u>
	\$ <u>771,974</u>

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.

Notes to Financial Statements, Continued

(10) Contingencies

(a) Grants

Under the terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

(b) New York State Homeless Housing Assistance Corporation

The New York State Homeless Housing and Assistance Corporation (HHAC) provided \$219,265 to the Agency to acquire, rehabilitate and operate two duplexes to provide housing for homeless people. The mortgage is for twenty years at no interest, with no schedule of payments, and will be forgiven at the end of the term which began on the date of occupancy (December 1, 1996). Under the term of the agreement, the property must be used to provide housing for homeless people for twenty years and may not be sold or transferred without the prior consent of HHAC. If the Project does not comply with the terms of agreement, the amount provided will be considered to be in default and the original amount provided shall be immediately due and payable.

(c) U.S. Department of Health and Human Services

The U.S. Department of Health and Human Services (HHS) provided \$675,000 to the Agency to purchase the property known as the Cornerstone Building. In addition, HHS transferred the property known as the Calvary Building to the Agency which had an estimated market value of \$323,000 at the date of transfer. These properties are subject to certain conditions such as the properties may not be used for any purposes inconsistent with its intended purpose and applicable regulations. Additionally, the properties may not be mortgaged or otherwise used as collateral, or sold or transferred to another party without the written permission of HHS.

(d) Litigation

The Agency is involved in various litigation arising from the ordinary course of business. The cases are in the discovery stages and will be vigorously contested. Several claims would be covered by insurance. Legal counsel has been unable to form an opinion regarding the outcome of the litigation, therefore, no provision for loss has been recorded in the accompanying financial statements.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.
Schedule of Expenditures of Federal Awards
July 31, 2007

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	Total Expenditures through July 31, 2007	Expenditures for the year ended July 31, 2007
<u>Major Programs</u>				
Department of Health and Human Services:				
Head Start (1)	93.600	02CH1194/42	\$ 1,096,665	1,096,665
Head Start (1)	93.600	02CH1194/41	7,059,000	5,980,796
Pass through New York State Division of Housing and Community Renewal:				
Low-Income Home Energy Assistance	93.568	C090048.06	579,480	334,052
Low-Income Home Energy Assistance	93.568	C090048.07	236,144	236,144
Total Department of Health and Human Services			<u>8,971,289</u>	<u>7,647,657</u>
Department of Energy - pass through New York State Division of Housing and Community Renewal:				
Weatherization Assistance for Low-Income Persons	81.042	C90048-06	341,420	273,971
Weatherization Assistance for Low-Income Persons	81.042	C90048-07	95,309	95,309
Total Department of Energy			<u>436,729</u>	<u>369,280</u>
Department of Housing and Urban Development:				
Pass through Individual Municipalities (see schedule of pass through entities):				
Section 8 Housing Choice Vouchers	14.871	Administration	197,926	197,926
Section 8 Housing Choice Vouchers	14.871	2005-2006	373,377	373,377
Section 8 Housing Choice Vouchers	14.871	2006-2007	781,671	781,671
Section 8 Housing Choice Voucher Program (1)	14.871	-	51,990	51,990
Total Department of Housing and Urban Development			<u>1,404,964</u>	<u>1,404,964</u>
Total Major Programs			<u>10,812,982</u>	<u>9,421,901</u>

(Continued)

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.
Schedule of Expenditures of Federal Awards, Continued

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	Total Expenditures through July 31, 2007	Expenditures for the year ended July 31, 2007
<u>Other Federal Assistance</u>				
Department of Health and Human Services:				
Transitional Living for Homeless Youth (1)	93.550	02CX0035/04	\$ 206,833	43,269
Transitional Living for Homeless Youth (1)	93.550	02CX0035/05	166,685	166,685
Runaway and Homeless Youth (1)	93.623	02CY0176/01	137,500	23,795
Runaway and Homeless Youth (1)	93.623	02CY0176/02	95,774	95,774
Pass through New York State Department of State:				
Community Services Block Grant	93.569	C005428-05	515,198	515,198
Community Services Block Grant	93.569	C005528-06	534,691	92,276
Pass through Oswego Opportunities, Inc.:				
Street Outreach	93.557	-	29,895	29,895
Street Outreach	93.557	-	26,791	4,616
Pass through New York State Office of Children and Family Services - Adolescent Pregnancy Prevention	93.558	-	98,780	66,194
Pass through Oneida County:				
Parent Aide	93.667	14901	112,930	112,930
Parent Aide	93.667	14901	190,000	74,004
Total Department of Health and Human Services			<u>2,115,077</u>	<u>1,224,636</u>
Corporation for National and Community Service:				
Foster Grandparent Program (1)	94.011	04SFANY006	190,226	133,643
Foster Grandparent Program (1)	94.011	04SFANY007	64,162	64,162
Total Corporation for National and Community Service			<u>254,388</u>	<u>197,805</u>

(Continued)

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.
Schedule of Expenditures of Federal Awards, Continued

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Expenditures through July 31, 2007</u>	<u>Expenditures for the year ended July 31, 2007</u>
Department of Agriculture - pass through New York State Department of Health:				
Child and Adult Care Food Program	10.558	2050	\$ 27,552	23,160
Child and Adult Care Food Program	10.558	2050	388,981	317,195
Child and Adult Care Food Program	10.558	2050	76,617	76,617
Child and Adult Care Food Program	10.558	2050	4,516	4,516
Total Department of Agriculture			<u>497,666</u>	<u>421,488</u>
Department of Housing and Urban Development - pass through City of Utica - Community Development Block Grants:				
East Side Center	14.218	-	22,987	18,880
East Side Center	14.218	-	6,699	6,699
Total Department of Housing and Urban Development			<u>29,686</u>	<u>25,579</u>
Department of Labor - pass through New York State Department of Labor - WIA Adult Program	17.258	C012368	<u>26,400</u>	<u>26,400</u>
Federal Emergency Management Agency - pass through Oneida and Herkimer Counties:				
Emergency Management Food and Shelter Program	97.024	-	5,122	5,122
Emergency Management Food and Shelter Program	97.024	-	5,700	521
Total Federal Emergency Management Agency			<u>10,822</u>	<u>5,643</u>
Total Other Federal Assistance			<u>2,934,039</u>	<u>1,901,551</u>
Total Federal Awards			<u>\$ 13,747,021</u>	<u>11,323,452</u>
(1) Direct Federal Award				
<u>Basis of Presentation</u>				

The schedule of expenditures of Federal awards includes the Federal grant activity of Mohawk Valley Community Action Agency, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.
 Schedule of Section 8 Rental Voucher
 Program Pass-Through Entities
 July 31, 2007

<u>Housing Authority</u>	Pass-through and project number	Annual contribution number	<u>Expenditures</u>		<u>Total</u>	<u>Administration</u>
			<u>2005-06</u>	<u>2006-07</u>		
Town of Camden	NY542VO0015	NY-1051	\$ 24,027	116,832	140,859	22,652
Town of Clayville	NY525VO0017	NY-1050	8,074	49,395	57,469	10,815
Village of Clinton	NY418VO0011	NY-1102	25,056	36,360	61,416	10,727
Town of Forestport	NY425VO0014	NY-1110	59,550	33,914	93,464	16,109
Town of New Hartford	NY423VO0007	NY-1095	40,697	61,904	102,601	15,209
Village of New Hartford	NY552VO0014	NY-1108	129,992	184,788	314,780	54,068
Village of Sylvan Beach	NY419VO0007	NY-1104	37,700	55,834	93,534	14,952
Town of Vernon	NY533VO0012	NY-1047	13,362	66,179	79,541	14,887
Village of Waterville	NY524VO0014	NY-1049	9,524	51,176	60,700	11,876
Town of Whitestown	NY542VO0013	NY-1083	25,395	125,289	150,684	26,631
Total			<u>\$ 373,377</u>	<u>781,671</u>	<u>1,155,048</u>	<u>197,926</u>

TOSKI, SCHAEFER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Mohawk Valley Community
Action Agency, Inc.:

We have audited the financial statements of Mohawk Valley Community Action Agency, Inc. as of and for the year ended July 31, 2007 and have issued our report thereon dated December 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mohawk Valley Community Action Agency, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mohawk Valley Community Action Agency, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which would have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters involving internal control over financial reporting that we have reported to the management of Mohawk Valley Community Action Agency, Inc. in a separate letter dated December 6, 2007.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Toski, Schaefer & Co., P.C.

Williamsville, New York
December 6, 2007

TOSKI, SCHAEFER & CO., P.C.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors
Mohawk Valley Community
Action Agency, Inc.:

Compliance

We have audited the compliance of Mohawk Valley Community Action Agency, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended July 31, 2007. The Mohawk Valley Community Action Agency, Inc.'s major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the Mohawk Valley Community Action Agency, Inc.'s management. Our responsibility is to express an opinion on the Mohawk Valley Community Action Agency, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Mohawk Valley Community Action Agency, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Mohawk Valley Community Action Agency, Inc.'s compliance with those requirements.

In our opinion, the Mohawk Valley Community Action Agency, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major Federal programs for the year ended July 31, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 07-1.

Internal Control Over Compliance

The management of the Mohawk Valley Community Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Mohawk Valley Community Action Agency, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mohawk Valley Community Action Agency, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected.

This report is intended solely for the information and use of the Board of Directors, management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Toski, Scheepers & Co., P.C.

Williamsville, New York
December 6, 2007

MOHAWK VALLEY COMMUNITY ACTION AGENCY, INC.
Schedule of Findings and Questioned Costs
Year ended July 31, 2007

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Mohawk Valley Community Action Agency, Inc.
2. No significant deficiencies were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Mohawk Valley Community Action Agency, Inc. were disclosed during the audit.
4. No significant deficiencies were identified during the audit of the major Federal award programs.
5. The auditor's report on compliance for the major Federal award programs for Mohawk Valley Community Action Agency, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major Federal award programs for Mohawk Valley Community Action Agency, Inc. are reported in Part C of this schedule.
7. The programs tested as a major program include:
 - a) Head Start and Early Head Start Program, CFDA #93.600
 - b) Section 8 Housing Choice Voucher Programs, CFDA #14.871
 - c) Low-Income Home Energy Assistance, CFDA #93.568
 - d) Weatherization Assistance for Low-Income Persons, CFDA #81.042.
8. The threshold for distinguishing Types A and B programs was \$339,704.
9. Mohawk Valley Community Action Agency, Inc. was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT

See page 23.

MOHAWK VALLEY COMMUNITY
ACTION AGENCY, INC.
Schedule of Findings and Questioned Costs, Continued

(07-01) Heat Start Student Files

Condition - One of 80 student files selected for testing from the Head Start Program was unavailable for our review.

Criteria - Student files are to be maintained and available for review for all students currently enrolled in the Head Start Program to support allowable program costs.

Cause - The Agency was unable to locate one student file.

Effect - The Agency is not in compliance with Head Start Program requirements.

Recommendation - We recommend that the Agency review its internal control procedures with regard to record keeping to insure that all current student files are accessible.

Management Reply - Management will review internal control procedures to ensure that all student files are accessible.

MOHAWK VALLEY COMMUNITY
ACTION AGENCY, INC.
Schedule of Prior Audit Findings

There were no audit findings with regard to the prior year financial statements (July 31, 2006).